

# Walgreen

DRUG STORES

WALGREEN CO.  
GENERAL OFFICES:  
744 BOWEN AVENUE



CHICAGO

February 8, 1930.

TO THE STOCKHOLDERS OF WALGREEN CO.

I have pleasure in handing to you the financial statements of our Company for the year 1929, as prepared by our Auditors, Messrs. Arthur Andersen & Co., Certified Public Accountants.

During the past year our Company carried out an extensive expansion, opening stores or acquiring existing chains of stores, in several territories in which we had not previously been represented. Among such are Houston, Texas; Denver, Colorado; Kansas City, Missouri; and Salt Lake City, Utah. We also added many stores in districts where we were already doing business, and at the end of 1929 were operating 397 stores.

I believe that the enlargement of our business which was made last year, was conservatively made, and will make its contribution to the profits of our Company.

This year we are continuing our expansion in a steady way, and will add as many new stores as we can secure on a basis which we believe will yield a satisfactory profit.

Yours very truly,

C. R. WALGREEN,

President,  
WALGREEN CO.

ASSETS

CURRENT ASSETS:

Cash .....	\$1,305,334.61	
Trade accounts, advances on merchandise and sundry receivables .....	486,735.92	
Notes, contracts and employees' stock subscriptions.....	54,111.95	
Merchandise at retail stores, warehouses and factories, based on latest physical inventories adjusted to December 31, 1929, certified by responsible officials as to quantities and condition, valued at the lower of cost or market..	6,941,452.25	
<b>Total current assets.....</b>		<b>\$ 8,787,634.73</b>

CASH SURRENDER VALUE OF LIFE INSURANCE.....	76,909.10
PREPAID RENT, INSURANCE, TAXES, ETC.....	431,961.85
TREASURY PREFERRED STOCK (held for resale) at par..	121,300.00
INVESTMENTS IN OTHER COMPANIES (at cost).....	453,746.00

FIXED ASSETS:

Classification	Cost	Accrued Depreciation and Amortization	Net Book Value	
Land .....	\$ 217,998.00	\$	\$ 217,998.00	
Buildings .....	411,238.72	55,167.14	356,071.58	
Equipment — Store, factory, warehouse, etc...	9,336,284.37	1,686,159.22	7,650,125.15	
Leaseholds and leasehold improvements .....	2,329,453.67	404,910.46	1,924,543.21	
	<u>\$12,294,974.76</u>	<u>\$2,146,236.82</u>	<u>\$10,148,737.94</u>	10,148,737.94

GOODWILL, ORGANIZATION, ETC .....	1.00
-----------------------------------	------

\$20,020,290.62

AUDITOR'S

We have examined the accounts of Walgreen Co., Chicago, Illinois, and certify that, in our opinion, the foregoing consolidated balance sheet fairly presents the financial position of the company at the close of the year. We further certify that, in our opinion, the appended consolidated statement of operations for the year.

Chicago, Illinois,  
February 7, 1930.



LIABILITIES AND NET WORTH

CURRENT LIABILITIES:

Bank loans and other notes payable.....	\$ 765,136.59	
Accounts payable .....	1,270,876.25	
Employees' investment certificates, etc .....	67,323.00	
Accrued salaries and other expenses .....	412,015.96	
Provision for Federal income taxes .....	347,277.63	

Total current liabilities ..... \$ 2,862,629.43

OTHER LIABILITIES—Arising from acquisitions—

Notes payable due 1931 to 1934.....	\$ 251,185.00	
Mortgages payable due 1931 to 1934.....	62,000.00	313,185.00

CONTINGENT LIABILITY — Contingent additional purchase cost of the capital stocks of subsidiaries based on December 31, 1929, value of common stock paid therefor \$559,000.00

STOCKS OF SUBSIDIARY COMPANIES IN HANDS OF PUBLIC:

Preferred stocks .....	\$ 631,370.00	
Common stocks (including interest in surplus).....	179,102.37	810,472.37

NET WORTH:

Preferred stock—6½% cumulative—Authorized and issued—45,000 shares, par value \$100.00 each.....	\$4,500,000.00	
Common stock—Authorized 1,000,000 shares without par value — Issued and outstanding 858,409 shares— Capital and surplus applicable to shares issued at date of recapitalization, December 31, 1927, \$4,110,442.09, and stated value of 98,409 shares issued since.....	6,391,146.59	
Paid-in surplus arising from sale of common stock.....	425,543.00	
Surplus since date of recapitalization.....	4,717,314.23	16,034,003.82

NOTE: Preferred stock is redeemable on call or in liquidation at premiums varying from \$15.00 to \$7.50 per share.

Common stock is reserved against the exchange of warrants held publicly (63,828 shares) and non-negotiable employees' warrants (10,609 shares).

\$20,020,290.62

CERTIFICATE

and its subsidiary companies for the year ended December 31, 1929, and presents the financial position of the companies at that date. Statements of profit and loss and surplus accounts fairly present the results of

MAY 18-32 10 HG



**WALGREEN CO. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 1929**

Particulars	Amount
Net sales .....	\$46,622,639.61
Cost of sales.....	28,230,271.89
Gross profits on sales.....	<u>\$18,392,367.72</u>
Store expense .....	14,314,394.97
Net profits from store operations.....	<u>\$ 4,077,972.75</u>
General and administrative expenses.....	802,926.38
Net profits from operations.....	<u>\$ 3,275,046.37</u>
Other income .....	285,077.73
Net profits before other charges.....	<u>\$ 3,560,124.10</u>
Other charges .....	126,397.02
Net profits before Federal income tax.....	<u>\$ 3,433,727.08</u>
Provision for Federal income tax.....	303,261.10
Net profits .....	<u><u>\$ 3,130,465.98</u></u>

NOTE: The profits for the year 1929 as above are stated after provision for amortization of leaseholds and improvements thereto, \$154,243.88, and for depreciation of buildings and equipment, \$525,183.24.

**SUMMARY OF CONSOLIDATED SURPLUS ACCOUNT**

Balance—December 31, 1928.....	\$2,664,995.66
Add—	
Net profits for the year ended December 31, 1929, as above..	\$3,130,465.98
Adjustment of tax reserve at beginning of year.....	144,000.00
Profits from treasury stock (sale incidental to acquisitions) ..	<u>367,665.97</u>
	<u>3,642,131.95</u>
	\$6,307,127.61
Deduct—	
Goodwill and leasehold premiums written off.....	\$1,001,445.88
Write-down of inventories to exclude warehouse and other handling charges .....	97,300.00
Portion of acquisition capital charges written off.....	187,689.79
Dividends on preferred stocks.....	<u>303,377.71</u>
	<u>1,589,813.38</u>
Balance—December 31, 1929.....	<u><u>\$4,717,314.23</u></u>